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CENTRAL ASIA REGIONAL
ECONOMIC COOPERATION

Центрально-Азиатское Региональное
Экономическое Сотрудничество

TRADE FACILITATION
PROGRAM

Программы Содействия Торговле

2005 and 2006 Update
Обновленная на 2005 и 2006 г.г.

Asian Development Bank
Азиатский Банк Развития

The logo of the Asian Development Bank (ADB), consisting of the letters 'ADB' in a white serif font centered within a solid black square.

**CENTRAL ASIA REGIONAL ECONOMIC
COOPERATION**

**Trade Facilitation Program
2005 and 2006 Update**

**Governance, Finance and Trade Division
East and Central Asia Department**

Asian Development Bank

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I. INTRODUCTION

The Trade Facilitation Program (the Program) under the broad Central Asia Regional Economic Cooperation (CAREC) Program is led by Asian Development Bank (ADB) and supported by major multilateral institutions.¹ Its short- to medium-term objectives are to promote concerted customs reforms and modernization and serve as a regional forum to address issues of common interest such as regional transit development. Its long-term objective is to support an integrated trade facilitation approach through interagency cooperation and partnership with the private sector. The latter will facilitate the participating countries' move toward "one-stop" and "single electronic window" services for traders and the business community. Please refer to Attachment 1 for the Program's framework, which includes its objectives, priority areas, and performance indicators.

The Customs Cooperation Committee (CCC), consisting of the heads of customs administrations of the participating countries, has been coordinating the Program toward meeting its short- to medium-term objectives. The CCC's guidance reflects the country-driven process of the Program. In its first meeting in Urumqi, PRC in August 2002, the CCC endorsed a Common Action Plan and created two working groups for the plan's implementation. One working group is chaired by PRC and the other by Uzbekistan.

In view of the participating countries' varied capacity and commitment to trade facilitation and regional cooperation, the Program has been implemented with a pragmatic and result-oriented approach focusing on (i) promotion of bilateral initiatives, e.g., bilateral agreements and pilot-testing, and (ii) country-specific customs modernization efforts. This approach differs from other subregional cooperation programs where participating countries have more comparable capacity and whose focus has been on forging multilateral trade and transport agreements, followed by pilot-testing. Training and knowledge sharing through regional events have been another priority area, which has helped strengthen capacity, trust, and confidence among the participating countries.

Inter-agency cooperation and partnership with the private sector are key features of Program activities. Kyrgyz Republic and Kazakhstan Border Guards have supported joint border initiatives and participated in a regional seminar in Bangkok in July 2005. The International Road Transport Union as well as private transport operators have joined the Program to support the transit development initiative. To promote a participatory approach in

¹ International Monetary Fund, World Bank, European Bank for Reconstruction and Development, United Nations Development Programme, and Islamic Development Bank

trade facilitation and customs modernization, a private-public forum was held in 2004. Tax administration officials have also become actively involved in the Program to promote integrated e-governance services. Since trade facilitation requires a broad-based approach, “Think broadly and act pragmatically” has become the Program’s guiding principle to ensure its result-orientation and sustainability.

This report highlights the progress and major initiatives endorsed by the CCC during their Fourth Meeting on 7–9 September 2005 in Ulaanbaatar, Mongolia.² It supplements the progress report prepared for the CAREC’s Senior Officials’ Meeting (SOM) held on 26-27 April 2005.³

II. PROGRESS AND PROPOSED ACTIVITIES

The Program’s 2005 activities continued to focus on the priority areas endorsed by the CCC in its First Meeting. Several regional and in-country activities were organized to address priority issues, including (i) a forum in Singapore in January focusing on issues related to customs automation, (ii) a seminar in Shenzhen, PRC in June on risk management and post-entry audit, and (iii) a seminar in Bangkok in July on joint control and one-stop services. Three working group meetings were held in connection with these events, organized and chaired by the State Customs Committee of the Republic of Uzbekistan and the Customs General Administration of PRC. For the remainder of 2005, regional events are planned in Shanghai in October on the TIR Convention and regional transit arrangements, and in Seoul in early December on integrated trade facilitation solutions and major e-governance products adopted by the Government of the Republic of Korea.

In 2005, bilateral agreements were reached between: Azerbaijan and PRC Customs, and between PRC and Uzbekistan Customs on Mutual Administrative Assistance and Customs Cooperation; and between the Kyrgyz Republic and Tajikistan on transit arrangements.

Upon the suggestion of Azerbaijan Customs at the SOM, a website⁴ for the Program was developed and launched during the Fourth CCC Meeting. The website documents all reports and publications produced under the Program, and provides a gateway for accessing the websites of the participating countries’ customs administrations.

In-country support for customs modernization assessments was provided to Mongolia to assist it in gap analyses and formulation of a strategy

² The Joint Statement endorsed by the CCC is in Attachment 2.

³ <http://www.adb.org/Documents/Events/2005/SOM-CAREC/status-report-02-trade.pdf>

⁴ <http://www.adb.org/Projects/TradeFacilitation>

and implementation plan for customs modernization and single electronic window services for the business community. Similar assistance will be provided for Azerbaijan starting in early November. Technical assistance for the Kyrgyz Republic and Tajikistan will begin in early October to help prepare them for customs automation. The assistance will focus on business process reengineering, training and change management, and development of a master plan for automation. In 2005, a modest grant was also provided to Mongolia Customs for it to equip its training institute.

To broaden the Trade Facilitation Program, two studies were launched: (i) the Trade Logistics Strategy for PRC's Xinjiang Uygur Autonomous Region, and (ii) an Integrated Trade Facilitation Strategy based on interagency cooperation and partnership with the business community. As part of the efforts to promote a broad trade facilitation approach, senior officials from tax administrations and border guard agencies were invited to attend the Singapore forum and the Bangkok seminar.

The World Bank prepared the report "Trade and Transport Facilitation in Central Asia: Reducing the Economic Distance to Markets." The World Bank, together with the Government of the Kyrgyz Republic, hosted a workshop on "Trade and Transport Facilitation in Central Asia" in Bishkek in March 2005 to integrate major findings and recommendations from regional studies into country policies and actions plans. The World Bank is currently in dialogue with the Government of Kazakhstan to formulate a customs reforms and modernization project.

The European Bank for Reconstruction and Development is providing advisory services on trade finance to small banks in Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. It has also been providing guarantees for trade finance instruments and short-term advances to banks to facilitate foreign trade.

The United Nations Development Programme has launched the second phase of its Silk Road Regional Programme, with five participating countries: the PRC, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. The trade component of the Programme for 2005–2007 aims to (i) improve the policy and legal environment for trade and transit in the Silk Road area, and (ii) promote fruitful dialogue between the public and private sectors and increase the level of private sector participation in trade and transit promotion and facilitation.

Highlights of the activities and major initiatives under each priority area are as follows.

A. Customs Automation

A Regional Forum on Trade Facilitation and Customs Modernization was held in Singapore on 26–28 January 2005 to address issues and challenges in the development of unified automated information systems (UAIS). Promotion of concerted development of the UAIS is a key objective and a performance indicator of the trade facilitation program. UAIS is a major trade facilitation tool that helps improve efficiency and reduce corruption. A Regional Customs Modernization and Infrastructure Development Project was approved by ADB in November 2004 to help the Kyrgyz Republic and Tajikistan launch the UAIS. Other participating countries are at varied stages of implementation and upgrading of their UAIS. The forum highlighted Singapore's experiences and addressed key issues such as flexibility in the architecture design and interoperability among the participating countries' UAIS in order to achieve a "single information space" in the region. A paper on *Singapore's TradeNet System* was published by ADB in March 2005 to disseminate Singapore's experience and lessons learned from the automation efforts.

Uzbekistan, which chairs the ICT Working Group, sponsored a bilateral consultation and study tour for the Kyrgyz Republic and Tajikistan in 2005 in support of the two countries' preparation for developing a master plan for customs automation.

The master plans for customs automation being developed respectively by the Kyrgyz Republic and Tajikistan will present detailed discussions on technology issues related to the UAIS. Workshops will be organized by Kyrgyz and Tajikistan Customs in 2006 to seek suggestions and comments on the master plans from the participating countries. A study tour will be organized for Kyrgyz and Tajikistan Customs senior officials by the consulting firms implementing ADB's technical assistance.

Another regional forum is planned in Seoul on 5-8 December 2005 to (i) share Republic of Korea's e-governance solutions and best practices, and (ii) promote cooperation between customs and tax administration agencies through ICT. To promote cooperation and interoperability between the systems of revenue administrations, senior officials from customs and tax administrations will be invited to attend the forum.

B. Risk Management and Post-Entry Audit

A Regional Seminar on Risk Management and Post-Clearance Audit was held in Shenzhen with significant financial contribution by PRC Customs. The seminar aimed to help the participating countries' customs agencies move away from the practices of inspecting every consignment

and adopt modern customs control techniques based on risk management and post-clearance audit. The seminar combined presentations with field visits, which greatly enhanced its practical relevance to the participating countries. Risk management and automation enable PRC's Shenzhen Customs to clear each container within a few minutes and allow it to release a significant portion of cargo without physical inspection.

The following elements were stressed as essential pillars for risk management:

- (i) change in corporate culture of customs administrations from “control-orientation” to “compliance facilitation” or “informed-compliance” where customs tries its best to serve the business community for economic development;
- (ii) introduction of a structured approach to data review, taking into account the evolving and country-specific nature of risks; and
- (iii) importance of data exchanges among neighboring countries, thus the bilateral Agreement on Mutual Administrative Assistance and Cooperation providing the legal basis for such exchanges.

For countries at the early stage of introducing risk management systems, the emphasis was on identifying a “baseline of compliance” in relation to traders and companies to be inspected. This enables customs to determine a level of non-compliance which is the target of a risk management system. Incentives should be provided to traders with good compliance records such as fast-track clearance. Japan and Thailand's experiences show that the “point system” for import profiling can be a practical and effective approach for accelerated implementation of a risk management system.⁵

A Risk Management Guide was published by ADB and the World Customs Organization (WCO) in support of the participating countries' efforts to implement and enhance their risk management systems.

C. Joint Customs Control and One-Stop Services

A Regional Seminar on Trade Facilitation and One-Stop Service was held in Bangkok on 27–29 July 2005 in partnership with the Thailand Customs Department and the WCO. The seminar aimed to promote joint customs control initiated by Kazakhstan and the Kyrgyz Republic and

⁵ The “point system” was presented by Mr. Mitsunori Numaguchi at the seminar in Bangkok on 27–29 July 2005.

support the participating countries' efforts to provide one-stop and single electronic window services for the business community in the long term. The "time release study" by Kazakhstan Customs on the joint control at the Akzhol-Kordai shows significant reduction in clearance time.⁶ Encouraged by the positive outcome, Kyrgyz and Kazakhstan Customs will soon initiate joint control at the Aktilek-Karasuu crossing point, and Mongolia Customs is considering a proposal to pilot-test with PRC Customs at a crossing point to be agreed by the two countries' customs administrations.

Thailand and Japan's experiences with the one-stop and single electronic window system show that (i) having a vision and strong leadership from Customs Management is essential to move steadily toward modern trade facilitation practices, and (ii) efforts to measure clearance time and identify sources of delay (through a time-release study) can encourage other agencies to join the trade facilitation efforts, and thus enable their countries to adopt an integrated trade facilitation framework for one-stop and single electronic window services for the business community. Mongolia Customs is currently preparing a strategic framework for single electronic window practices.

D. Regional Transit Development

Promotion of bilateral transit arrangements and PRC's accession to the TIR Convention are two priorities of the Program. On 22 July 2005, the Kyrgyz Republic and Tajikistan entered into a transit agreement, similar to the transit agreement signed between the Kyrgyz Republic and Kazakhstan on 26 March 2004. It is hoped that the experience with the implementation of these transit agreements will provide inputs for developing a regional transit agreement in the future. PRC Customs fielded a study trip in August 2005 to Europe to consult with international agencies such as the United Nations Economic Commission for Europe (UNECE) and the International Road Transport Union (IRU) which administer the TIR Convention. As part of the accession effort, PRC cosponsored a regional forum with ADB on TIR accession and regional transit arrangements in Shanghai on 19-21 October 2005. The forum brought together representatives from customs, private freight forwarders and transport associations, and representatives from the IRU, UNECE, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and World Customs Organization (WCO).

⁶ See presentation by Deputy Chairman Baurzhan Abdishev at the seminar in Bangkok on 27–29 July 2005 from <http://www.adb.org/Documents/Events/2005/Trade-Facilitation-One-Stop-Service/presentation-joint-customs-kaz.pdf>

E. Bilateral Initiatives for Harmonization of Customs Procedures

Simplification and harmonization of customs procedures are being achieved through a host of efforts, including the revision of customs codes, introduction of risk management practices, joint customs control, and business process reengineering in relation to customs automation. Concrete proposals in relation to harmonization of customs procedures were made by PRC Customs at the working group session during the seminar in Bangkok. These are (i) harmonization of cargo manifest, and (ii) mutual recognition of customs inspections and seals/stamps. Efforts to harmonize data requirements for cargo manifests will facilitate data exchanges between exporters and importers for the preparation of customs declaration and thus reduce customs clearance time and improve the quality of trade statistics. Mutual recognition of customs inspection and customs seals and stamps provide an essential pillar for regional transit arrangement as shown by Thailand's transit initiatives with its neighbor countries. Several countries responded positively to the proposals. PRC and Kazakhstan Customs will pilot-test the initiative under the two countries' existing cooperation framework and have requested ADB support to facilitate bilateral consultation and working group meetings.

F. Bilateral Initiatives for Data Exchanges

Data exchanges between customs administrations and between importers and exporters are essential for fast clearance and effective risk management. Two working group sessions were held in connection with the regional forums to discuss Uzbekistan Customs' proposals to establish an electronic platform for data exchange among the participating countries, and the drafting of an agreement to provide the legal basis for the initiative. While the technical proposal was broadly endorsed by the member countries, suggestions were made to clearly define the trade facilitation objective of the proposal and the scope of data-exchange requirements for facilitating trade clearance. Kyrgyz and Uzbekistan Customs proposed to pilot-test the initiative. To facilitate the initiative, ADB prepared a paper on WCO's Customs Data Model which suggests data requirements for cargo manifests and export/import declaration. Extensive comments on the proposal were also provided by an ADB resource person at the Shenzhen seminar.⁷ A seminar on WCO's Framework of Standards and Common Data Model will be held in 2006 in the PRC to support the initiative.

⁷ Comments by Mr. Tan Sian Lip is available at <http://www.adb.org/Documents/Events/2005/Risk-Management-PEA-Seminar/summary-presentation-comments.pdf>

III. CONCLUSION

In line with its practical approach to trade facilitation, the Trade Facilitation Program has adopted short- to medium-term goals coordinated by the CCC as well as long-term goals to be coordinated by a committee consisting of national focal points for trade facilitation to be established in the future.

Effective donor coordination is critical in extending concerted support and ensuring its sustainability. The coordination group established among the major multilateral institutions (MIs) at the Second Ministerial Conference on 11–12 November 2003 in Tashkent is a vehicle to strengthen donor coordination in support of the CAREC Program and its trade facilitation initiatives. ADB as the Secretariat will work closely with the MIs to support the Trade Facilitation Program.

Attachment 1

CAREC Trade Facilitation Program Framework

Short-term and Long-term Objectives	Priorities and Performance Indicators	Highlights of Activities
<p>Short- to Medium-Term objectives: To promote concerted customs reforms and modernization and to serve as a regional forum to address issues of common interest</p>	<p>1. Customs Automation- Automation systems adopted, particularly for Kyrgyz Republic and Tajikistan</p>	<ul style="list-style-type: none"> • Customs modernization assessments and master plans for customs automation (Azerbaijan, Kyrgyz Republic, Mongolia, and Tajikistan) and related consultation and dissemination workshops • Study tour for Kyrgyz Republic and Tajikistan on customs automation • Customs automation and e-governance initiatives (Seoul Seminar, December 2005) • Kyrgyz Republic and Tajikistan: Regional Customs Modernization and Infrastructure Development Project • Regional seminar cosponsored by Japan Customs
	<p>2. Risk Management, Post-Entry Audit, and Customs Intelligence</p> <ul style="list-style-type: none"> • Risk management practices adopted 	<ul style="list-style-type: none"> • Publication of “Risk Management Guide” with the WCO • Risk management and post-entry audit seminar (Shenzhen, PRC in June 2005)
	<p>3. Joint Customs Control</p> <ul style="list-style-type: none"> • Pilot-testing implemented and extended in other countries <p>4. Regional Transit Development</p> <ul style="list-style-type: none"> • PRC’s accession to the TIR Convention • Bilateral transit agreements implemented 	<ul style="list-style-type: none"> • Pilot-testing of joint customs control by Kazakhstan and Kyrgyz Republic and potential expansion in another border crossing point • Efforts to pilot-test joint customs control between Mongolia and PRC • One-Stop/Single Window Seminar (Bangkok, Thailand in July 2005) • Study tour fielded by PRC Customs to consult with relevant organizations on accession procedures • Forum on regional transit development (Shanghai Forum, October 2005)

Attachment 1

CAREC Trade Facilitation Program Framework

Short-term and Long-term Objectives	Priorities and Performance Indicators	Highlights of Activities
		<ul style="list-style-type: none"> • Bilateral transit agreements signed between Kyrgyz Republic and Tajikistan, and between Kazakhstan and the Kyrgyz Republic
	<p>5. Harmonization of Customs Procedures</p> <ul style="list-style-type: none"> • Cargo manifest harmonized • Accession to Revised Kyoto Convention 	<ul style="list-style-type: none"> • Harmonization of cargo manifest (bilateral consultation meeting between Kazakhstan and PRC)
	<p>6. Data Exchange</p> <ul style="list-style-type: none"> • Data elements for cargo manifest and customs declaration harmonized • Technology solutions for data exchange agreed bilaterally 	<ul style="list-style-type: none"> • Training seminar on WCO's Framework of Standards and Common Data Model to be cosponsored by PRC Customs, ADB and WCO • Bilateral agreement on exchange of customs statistics signed between Kyrgyz Republic and PRC
	<p>7. Framework for Customs Cooperation</p> <ul style="list-style-type: none"> • Bilateral agreements on mutual administrative assistance and customs cooperation signed 	<ul style="list-style-type: none"> • Bilateral agreements signed between Azerbaijan and PRC, between Azerbaijan and Kyrgyz Republic, and between Kyrgyz Republic and Mongolia
<p>Long-term Objective: To support an integrated trade facilitation approach through interagency cooperation and partnership with the private sector</p>	<p>Establishment of a National and Regional Mechanism for Integrated Trade Facilitation Approach</p> <ul style="list-style-type: none"> • National Trade Facilitation Committee established • Integrated Trade Facilitation Strategy developed in support of one-stop and single electronic window services • Regional Committee established consisting of National Trade Facilitation Committees 	<ul style="list-style-type: none"> • Formulation of Mongolia's single electronic window initiated • Study on Trade Logistics Strategy for PRC's Xinjiang Uygur Autonomous Region launched • Study on an Integrated Trade Facilitation Strategy initiated

**Statement of the Customs Cooperation Committee at
the Fourth Meeting of the Heads of Customs Administrations
under the Central Asia Regional Economic Cooperation
(CAREC) Program
7–9 September 2005, Ulaanbaatar, Mongolia**

Introduction

The Fourth Meeting of the Customs Cooperation Committee (CCC) was convened on 7-9 September 2005 in Ulaanbaatar, Mongolia to review the progress and give guidance on priorities and future direction of the CAREC's Trade Facilitation Program (the Program). The CCC Meeting brought together the Heads/Deputy Heads of Customs Administrations from CAREC's participating countries. The members of the CCC expressed their gratitude to the Customs General Administration of Mongolia for co-hosting the Meeting and for the excellent arrangements and warm hospitality; and to the ADB for providing financial support and serving as the Secretariat.

The CCC reaffirmed its commitment and leadership role in promoting customs cooperation and modernization as the medium-term priority of the Program.

Recognizing the multi-agency nature of trade facilitation and the long-term goal as providing “one-stop” or “single window” services for the business community, the members of the CCC underscored the need to establish a holistic and multi-agency approach in trade facilitation, and suggested to establish national trade facilitation committees for interagency coordination and partnership with private sector stakeholders. It called upon the Customs Administrations to act as the lead agency and champion in pursuit of such holistic trade facilitation strategies. In this regard, the CCC welcomed the Mongolia Customs' initiative to develop a broad trade facilitation strategy in support of “single electronic window practices.”

Recognizing the medium-term and long-term goals of the Program, the CCC reiterated the importance of taking a phased and two-pronged approach: focusing on the priority areas endorsed by the CCC and deepening customs cooperation in the medium-term, while at the same time, promoting holistic trade facilitation approach that will eventually lead to “one-stop” and “single electronic window” services for the business community in the long term.

The members of the CCC reaffirmed the pragmatic approach of the Program, by complementing individual countries' customs modernization efforts with promotion of (i) bilateral agreements and cooperation initiatives, and (ii) training and regional knowledge forums. Bilateral initiatives have demonstration effects, and regional forums not only disseminate best practices and lessons learned, but also contribute to bilateral consultation and confidence-building among the participating countries. In this regard, the CCC appreciated the Secretariat's efforts to promote regional forums in partnership with international organizations and customs administrations supporting the Program. The members of the CCC expressed their appreciation to the Government of Singapore, Thailand Customs Department, and PRC Customs for hosting the regional events in 2005 and to the World Customs Organization (WCO) for sharing modern customs techniques and instruments. The CCC recognized the improved representations of country delegations in the forums which were mostly led by senior Management as suggested in the Third CCC Meeting.

The members of the CCC looked forward to the forum on TIR Customs Transit System in Shanghai on 19-21 October 2005. Another forum will be held on e-governance solutions for customs and tax administrations to be hosted by the Korea IT Industry Promotion Agency and the tax and customs administration of the Republic of Korea on 5-8 December 2005, and a study tour for the KGZ and TAJ in early 2006 to be cohosted by ADB and the Government of Singapore. The Seoul Forum aims to support some of the CAREC participating countries' long-term goal of integrating customs and tax services through institutional reforms and information and communications technology.

Review of Progress

The members of the CCC noted with satisfaction the progress achieved since the Third CCC Meeting in December 2004 in Azerbaijan. In particular, they noted the accomplishments in:

- (i) bilateral agreements signed between Azerbaijan and the PRC, and between Uzbekistan and the PRC on Mutual Administrative Assistance and Customs Cooperation, and between the Kyrgyz Republic and Tajikistan on transit development;
- (ii) efforts by the Kyrgyz Republic and Tajikistan in undertaking business process reengineering and developing "IT master plans" to implement customs automation;

- (iii) customs modernization assessment being undertaken by the Mongolia Customs, and soon to be undertaken by Azerbaijan supported by ADB;
- (iv) positive outcomes of the joint control by Kazakhstan and the Kyrgyz Republic, and its potential expansion in another border-crossing point;
- (v) efforts by Uzbekistan in promoting data exchanges, and PRC's efforts to promote harmonization of cargo manifests;
- (vi) PRC's effort to field a study tour on the TIR Convention;
- (vii) extensive discussions and consultation through regional forums and working group sessions on issues and best practices related to customs automation, risk management, data exchanges, joint customs control and single electronic window practices;
- (viii) publication of the "Risk Management Guide," selected country experience in customs modernization, and forums proceedings in the CAREC Newsletter; and
- (ix) launch of a website for the Program which serves as knowledge repository and gateway for linking the participating countries' customs administrations.

Future Work Plan

The CCC broadly endorsed the work plans proposed by the Working Group Chairs. Major proposals and regional forums are highlighted below.

The CCC requested the two Working Groups to work closely in view of the inter-linkages among the priority areas. In particular, the CCC calls for the Kazakhstan and PRC Customs to take concrete actions to make tangible progress in harmonization of cargo manifest as its progress also helps define the scope of data elements to be exchanged, thereby supporting Uzbekistan Customs' proposal for data exchanges. Progress in harmonization of cargo manifests will also provide knowledge and experiences to deepen cooperation in the future by tackling more challenging issues such as harmonization of customs declaration.

The CCC welcomed the offer of the Kyrgyz Customs to organize a field trip for joint control in connection with the Ministerial Conference to be held in early November in Bishkek, and the Kyrgyz-Kazakh proposal to launch another joint control at Aktilek-Karasuu crossing-point, as well as the Mongolia-PRC proposal to start bilateral consultation and preparatory work for potential pilot-testing of joint customs control at a border crossing-point to be agreed by these two countries' customs administrations. The pilot-testing could be carried out in phases according to the countries' infrastructure and circumstances, the existing laws and regulation, the relevant border authorities' commitment and other considerations. These phases include

- Phase 1: Separate inspections and controls by the two countries' border agencies under one roof on incoming and outgoing people, vehicles and goods;
- Phase 2: Single inspections and control by the two countries' border agencies under one roof on either incoming or outgoing people, vehicles and goods;
- Phase 3: The common inspections and control being carried out jointly and simultaneously by the two parties.

The CCC welcomed the initiative of Mongolia and Tajikistan to enter into an Agreement on Mutual Administrative Assistance and Customs Cooperation in the near future.

Data exchange is a key aspect for faster customs clearance and harmonizing and simplifying customs procedures. In this regard, the CCC members welcomed the Kyrgyz-Uzbekistan initiative to firm up the scope of data elements to be exchanged, establish the legal foundation, and initiate pilot-testing.

The CCC members endorsed the PRC's financial support to host a training seminar in Urumqi on WCO's Framework of Standards and Common Data Model. This seminar will support several ongoing initiatives such as harmonization of customs manifest, data exchange and joint customs control.

The CCC called upon the Kyrgyz Republic and Tajikistan to accelerate the implementation of the Regional Customs Modernization and Infrastructure Development Project to support the goal of establishing a "single information space" in the region.

The CCC requested the Azerbaijan, Kyrgyz Republic, Mongolia, and Tajikistan to report to the next CCC on their respective studies (i.e., customs modernization assessment, Master Plan for customs automation, and a strategy for single electronic window practices) and seek consultation and suggestions through regional workshops in 2006.

Risk management is a key aspect of customs modernization. The CCC expressed appreciation to the Secretariat for the publication of the “Risk Management Guide” with the World Customs Organization. For the benefit of countries at the early stage of risk management implementation, the members of the CCC encouraged broadly dissemination of the Proceedings of the Shenzhen Seminar on Risk Management and Post-entry Audit, and consideration of the “points system” presented at the Bangkok Seminar and adopted by Japan and Thailand. The CCC members proposed that risk management be included as part of the regional seminars and forums for 2006.

The CCC welcomed the PRC’s recent effort in the accession to the TIR Convention and sponsorship of the “Shanghai Forum” to accelerate the accession and promote the TIR Customs Transit System in the region.

The CCC appreciated the Japan Customs’ sponsorship of a regional seminar, in partnership with ADB, on broader customs modernization issues.

The CCC endorsed the program structure of the next CCC Meeting which consists of: (i) deliberation on priority areas, (ii) knowledge forum, and (iii) concluding session deliberating on the work program and endorsing the CCC Joint Statement. The priority areas should be proposed by the participating member countries before the Meeting, taking into consideration changing country and regional priorities and circumstances.

The members of the CCC welcomed the offer of Kazakhstan to host the Fifth CCC Meeting, tentatively on the first week of September 2006.

